

Charities, Labor and Agricultural, and Other Tax-Exempt Organizations, 2005

by Paul Arnsberger

Nonprofit charitable organizations exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3) filed over 286,000 information returns for Tax Year 2005, an increase of 4 percent from 2004. These organizations held over \$2.2 trillion in assets, an increase of 9 percent from the previous year. They reported nearly \$1.3 trillion in revenue, 68 percent of which came from program services (Figure A). The statistics in this article exclude private foundations and most organizations with receipts totaling less than \$25,000, as well as most churches and certain other types of religious organizations.

Labor and agricultural organizations exempt under IRC section 501(c)(5) filed 19,837 Forms 990 and 990-EZ for 2005.¹ Assets reported by these organizations totaled \$29.7 billion. Of the \$20.7 billion in revenue reported by labor and agricultural organizations, the majority (\$13.5 billion) came from membership dues and assessments.

The statistics for charities and other tax-exempt organizations reported in this article are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, the short form version of this information return. The latter form may be completed by smaller organizations, those with end-of-year assets of less than \$250,000 and gross receipts of \$25,000 to \$100,000. Only condensed income statements and balance sheets are required from filers of the short form, which accounted for 21 percent of the returns filed by organizations exempt under Code sections 501(c)(3) and (5) for Tax Year 2005.²

Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

In order to qualify for tax-exempt status, an organization must show that its purpose serves the public

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Figure A

Nonprofit Charitable Organizations, Selected Financial Data, Tax Years 2004-2005

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	2004	2005	Percentage change
	(1)	(2)	(3)
Number of returns	276,199	286,615	3.8
Form 990	218,851	226,246	3.4
Form 990-EZ	57,348	60,369	5.3
Total assets	2,058,610	2,241,887	8.9
Total liabilities	782,510	830,635	6.2
Net assets	1,276,100	1,411,252	10.6
Total revenue	1,152,989	1,252,889	8.7
Program service revenue	801,199	852,638	6.4
Contributions, gifts, and grants	248,570	276,292	11.2
Investment income [1]	27,830	35,999	29.4
Other	75,391	87,960	16.7
Total expenses	1,058,489	1,137,908	7.5

[1] Includes "interest on savings and temporary cash investments," "dividends and interest from securities," and "other investment income (loss)" from Form 990 and "investment income (loss)" from Form 990-EZ.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations and most organizations with receipts less than \$25,000, as well as most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

good, as opposed to a private interest. The activities of nonprofit organizations are limited in that they must further one or more of the purposes for which they were granted tax-exempt status. Organizations that are exempt under IRC section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational. In practice, these categories cover a broad range of activities.

Examples of the varied exempt purposes of these charitable organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing organizations, historical societies, and environmental preservation groups. These organizations

¹ Beginning with the Tax Year 2004 study, the annual *SOI Bulletin* article on charities and other tax-exempt organizations has featured data on nonprofit charitable organizations exempt under IRC section 501(c)(3), as well as one other category of organizations defined under IRC section 501(c). For 2005, IRC section 501(c)(5) labor and agricultural organizations are presented. SOI continues to collect annual data on organizations exempt under IRC sections 501(c)(4) and 501(c)(6) through (9). Data from these organizations can be found in Tables 2, 3, and 4 at the end of this article. Additional tax-exempt organizations are described under IRC sections 501(c)(1), (2), and (10) through (27). Because they tend to constitute a small proportion of financial activity for the nonprofit sector, SOI does not collect data for these organizations.

² Unless otherwise indicated, data presented in this article were reported by both Form 990 and 990-EZ filers. The tables at the end of the article separate data by type of form. Detailed data for Form 990 filers are provided in Tables 1, 2, and 3, while Form 990-EZ data are found in Table 4.

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may not allow net earnings to inure to the benefit of a shareholder or individual. Activity attempting to influence legislation cannot be a substantial part of an organization's activities, and the organization may not intervene in a political campaign on behalf of, or in opposition to, any candidate.³ Generally, a donor's contribution to one of these organizations is tax-deductible.

Of the 807,421 active nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), 286,615 filed Form 990 or 990-EZ returns for accounting periods that began in Calendar Year 2005.⁴ Those not required to file included churches and certain other religious organizations, as well as organizations with annual gross receipts totaling less than \$25,000.⁵ Nonprofit private foundations, which are also tax-exempt under Code section 501(c)(3), are required to file separately on Form 990-PF, *Return of Private Foundation*.⁶

Financial Characteristics of Nonprofit Charitable Organizations

Although 65 percent of the returns filed by section 501(c)(3) organizations for 2004 were filed by small organizations, those with assets of less than \$500,000, these organizations held less than 1 percent of the total assets and reported just 4 percent of total revenue (Figure B). In comparison, large organizations, those with assets of \$10 million or more, represented just 6 percent of the returns filed, but accounted for 90 percent of the total asset holdings and over 83 percent of the total revenue reported.

The nonprofit charitable organizations in this study reported total revenue of nearly \$1.3 trillion for 2005. Program service revenue, totaling \$852.6 billion, was the major source of revenue for these organizations. This revenue comprises the fees collected by organizations in support of their tax-exempt purposes and includes tuition and fees at educational institutions, hospital patient charges (including Medi-

Figure B

Nonprofit Charitable Organizations, by Asset Size, Tax Year 2005

[All figures are estimates based on samples—money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	286,615	100.0	2,241,887	100.0	1,252,889	100.0
Under \$100,000 [1]	116,475	40.6	3,912	0.2	14,026	1.1
\$100,000 under \$500,000	68,993	24.1	16,795	0.7	23,993	1.9
\$500,000 under \$1,000,000	27,011	9.4	19,030	0.8	16,414	1.3
\$1,000,000 under \$10,000,000	56,717	19.8	184,239	8.2	154,082	12.3
\$10,000,000 under \$50,000,000	11,852	4.1	253,241	11.3	169,425	13.5
\$50,000,000 or more	5,567	1.9	1,764,669	78.7	874,950	69.8

[1] Includes returns with zero assets or assets not reported.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations and most organizations with receipts less than \$25,000, as well as most churches and certain types of religious organizations. Detail may not add to totals because of rounding.

³ For more information on the requirements for tax exemption under 501(c)(3) and other Code sections, see Internal Revenue Service Publication 557, *Tax-Exempt Status for Your Organization*.

⁴ Data presented in this article are from Tax Year 2005 Forms 990 and 990-EZ filed in Calendar Years 2006 and 2007. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the IRS Exempt Organizations Business Master File (December 2005) and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.

⁵ The \$25,000 filing threshold is an average of an organization's gross receipts over the previous 3 years.

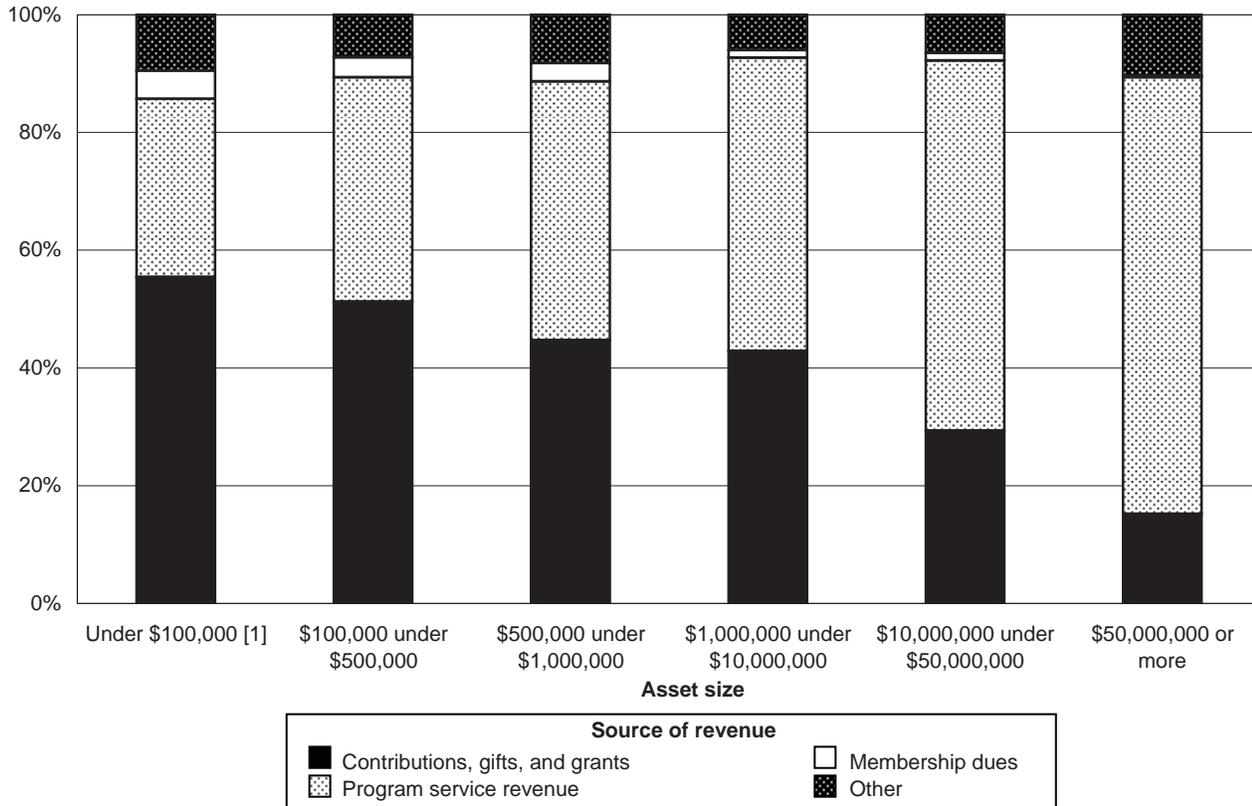
⁶ For information on private foundations, see Ludlum, Melissa, "Domestic Private Foundations and Charitable Trusts: Charitable Distributions and Investment Assets, Tax Year 2004," *Statistics of Income Bulletin*, Fall 2007, Volume 27, Number 2.

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Figure C

Sources of Nonprofit Charitable Organization Revenue, by Asset Size, Tax Year 2005



[1] Includes returns with zero assets or assets not reported.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations and most organizations with receipts less than \$25,000, as well as most churches and certain other types of religious organizations.

care and Medicaid payments), and admission fees collected by museums, community performing arts groups, and YMCA/YWCA. Figure C illustrates the types of revenue reported by organizations of different sizes. Large organizations received over 72 percent of their total revenue from program service revenue, while small organizations received over half of their revenue from contributions, gifts, and grants.

On Form 990 (but not on Form 990-EZ), expenses for nonprofit charitable organizations are grouped into four major categories: program services, fundraising, management and general, and payments to affiliates. Program service expenses are those associated with activities that further an organization's exempt purpose; fundraising expenses are those incurred in soliciting contributions, gifts, and grants; and management and general expenses include those administrative and overhead costs that are not spe-

cifically related to program services or fundraising activities.

The three categories described above are broken down by such specific functional expense items as grants and allocations, salaries and wages, professional fees, and supplies. (See Table 2 at the end of this article.) The fourth major category, payments to affiliates, which includes distributions to organizations closely related to the reporting organizations, such as dues paid by local chapters to State and national agencies, are not broken down into specific functional expenses. Program service expenses accounted for the vast majority (86 percent) of total expenses reported by filers of Form 990; management and general expenses totaled 12 percent; and fundraising expenses and payments to affiliates, combined, accounted for less than 2 percent.

Figure D

Compensation of Nonprofit Charitable Organization Officers, Directors, Trustees, Key Employees, and Other Employees, Reported on Form 990, by Asset Size, Tax Year 2005

[All figures are estimates based on samples—money amounts are in millions of dollars]

Asset size	Number of Form 990 returns	Total expenses	Officers, directors, trustees, and key employees		Other employees	
			Compensation	Contributions and other benefits [1]	Compensation	Contributions and other benefits [2]
	(1)	(2)	(3)	(4)	(5)	(6)
Total	226,246	1,135,349	15,301	1,917	380,539	71,777
Under \$100,000 [3]	63,069	11,789	1,051	65	2,596	236
\$100,000 under \$500,000	62,030	22,274	1,491	85	6,671	820
\$500,000 under \$1,000,000	27,011	15,423	1,029	89	4,868	626
\$1,000,000 under \$10,000,000	56,717	145,623	4,187	389	53,662	8,282
\$10,000,000 under \$50,000,000	11,852	156,894	2,738	363	53,896	9,482
\$50,000,000 or more	5,567	783,346	4,805	927	258,846	52,332

[1] Includes "contributions to employee benefit plans and deferred compensation plans" and "expense account and other allowances" reported on Part V of Form 990.

[2] Includes "pension plan contributions" and "other employee benefits" reported on Part II of Form 990.

[3] Includes returns with zero assets or assets not reported.

NOTES: Data are from Form 990 for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations and most organizations with receipts less than \$25,000, as well as most churches and certain other types of religious organizations. Detail may not add to totals because of rounding.

Compensation

Figure D shows compensation data reported by nonprofit charitable organizations on Form 990. Salaries, wages, and benefits are presented for executives, such as officers, directors, trustees, and key employees, as well as other employees. (Data from Form 990-EZ are not included in this section because that return does not distinguish between types of compensation nor types of employee.)

For Tax Year 2005, nonprofit charities reported \$470.0 billion in compensation and benefits on Form 990. The majority of this, 81 percent, was in the form of other employee salaries and wages. Salaries of executives officers, directors, trustees, and key employees totalled \$15.3 billion. In addition to salaries and wages, Form 990 filers reported \$73.7 billion in benefits paid to their employees and executives. Examples of these benefits include contributions to pension, health, and insurance welfare plans; payments to deferred compensation and severance plans; fringe benefits; and expense account reimbursements.

Compensation and benefits represented a significant portion of the total expenses reported by nonprofit charitable organizations on Form 990, over 41 percent. When viewed by size of organization and type of employee, certain patterns emerge.

For small organizations, those reporting assets less than \$500,000, other employee salaries, wages, and benefits represent slightly more than 30 percent of total expenses for Tax Year 2005; large organizations with assets of at least \$50 million reported 40 percent of their expenses in the form of employee salaries, wages, and benefits.

For executives, this compensation pattern is reversed. Salaries and benefits paid to executives, such as officers, directors, trustees, and key employees, accounted for nearly 8 percent of total expenses at small organizations, but less than 1 percent at large organizations.

Nonprofit Charitable Organizations Classified by NTEE Codes

The National Taxonomy of Exempt Entities (NTEE) is a classification system developed by the National Center for Charitable Statistics, which classifies organizations by institutional purpose and major programs and activities.⁷ It recognizes 26 major groups, which can be aggregated into 10 program categories, as shown in Figure E. The organizations were classified for statistical purposes by the IRS Statistics of Income Division on the basis of information provided in the "Statement of Program Service Accomplishments" section of Forms 990 and 990-EZ.

⁷ For information on the National Taxonomy of Exempt Entities classification system, see the National Center for Charitable Statistics Web site: www.ncc.urban.org.

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Figure E

Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Tax Year 2005

[All figures are estimates based on samples—money amounts are in millions of dollars]

NTEE major category [1]	Number of returns	Total assets	Net assets	Revenue			Total expenses	Excess of revenue over expenses
				Total	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	286,615	2,241,887	1,411,252	1,252,889	276,292	852,638	1,137,908	114,981
Arts, culture, and humanities	28,972	89,167	72,625	29,187	15,860	6,962	23,790	5,397
Education	52,530	744,531	548,623	243,061	69,934	126,802	201,456	41,605
Environment, animals	12,422	33,494	27,510	12,355	7,723	2,667	10,352	2,003
Health	35,669	860,780	463,266	698,535	52,146	607,470	660,350	38,185
Human services	108,283	251,228	123,486	171,451	70,069	86,278	161,401	10,050
International, foreign affairs	4,167	17,587	12,810	19,226	16,700	1,647	17,388	1,838
Mutual, membership benefit	25,722	208,372	138,191	67,360	37,460	17,818	53,119	14,241
Public, societal benefit	18,182	21,512	17,470	9,045	6,193	1,430	7,803	1,242
Religion related	667	15,216	7,272	2,670	207	1,564	2,249	421

[1] The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into the categories shown above. It was developed by the National Center for Charitable Statistics.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations and most organizations with receipts less than \$25,000, as well as most churches and certain other types of religious organizations. Detail may not add to totals because of rounding.

Health-related organizations comprised the largest NTEE category in terms of financial activity, with 38 percent of all assets and 56 percent of all revenue reported by charitable organizations for 2005. Examples of organizations in the health category are hospitals; nursing facilities; health support services, such as blood banks and emergency services; health care financing activities; substance abuse treatment services; organizations active in the prevention or treatment of diseases; and medical research. Program service revenue was the dominant source of income for health organizations, accounting for 87 percent of total revenue.

The education program category, which includes colleges and universities, elementary and secondary schools, correspondence schools, libraries, and educational testing services, ranked a close second in terms of assets, with \$744.5 billion. At \$243.1 billion, total revenue reported by these organizations was considerably less than those in the health category.

The largest NTEE category in terms of returns filed comprised human service organizations, which accounted for 38 percent of all Forms 990 and 990-EZ filed for 2005. This category comprises organizations in several classifications performing a broad range of services focused on specific needs within the community: housing and shelter programs; job

training and placement services; public safety, disaster preparedness, and relief services; recreation and sports programs; crime prevention and legal services; and multipurpose organizations which provide a broad range of social or human services to individuals and families. Program service revenue (\$86.3 billion) and contributions, gifts, and grants received (\$70.1 billion) together represented 91 percent of the total revenue reported by these organizations.

Labor and Agricultural Organizations Tax-Exempt under IRC Section 501(c)(5)

Internal Revenue Code section 501(c)(5) grants tax exemption to both labor and agricultural organizations.⁸ The IRS defines a labor organization as “an association of workers who have combined to protect and promote the interests of the members by bargaining collectively with their employers to secure better working conditions.”⁹ Examples of labor organizations include labor unions, job training funds, professional societies, and certain member-funded pension plans.

Per IRS regulations, the activities of agricultural organizations “involve raising livestock, forestry, cultivating land, raising and harvesting crops or aquatic resources, cultivating useful or ornamental plants, and similar pursuits.”¹⁰ Farm bureaus and

⁸ Though the text of IRC Section 501(c)(5) specifically cites ‘labor, agricultural, and horticultural organizations,’ horticulture is considered a subset of agriculture. Therefore, throughout this article, the organizations will be referred to as “labor and agricultural.”

⁹ Internal Revenue Service Publication 557, “Tax-Exempt Status for Your Organization,” page 47.

¹⁰ Ibid.

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granges, agricultural fairs, and animal husbandry programs are examples of agricultural organizations.

To be granted exempt status under section 501(c)(5), an organization must meet two requirements. Its goal must be to better the conditions of workers, improve the grades of their products, and develop a higher degree of efficiency in their respective occupations. Additionally, its net earnings may not inure to the benefit of any member of the organization. This second requirement applies to nonprofit charities, as well as to all other organizations exempt under IRC section 501(c).

Unlike nonprofit charitable organizations, labor and agricultural organizations may legally participate in some political activity on behalf of, or in opposition to, candidates for public office. They may also engage in an unlimited amount of lobbying, provided

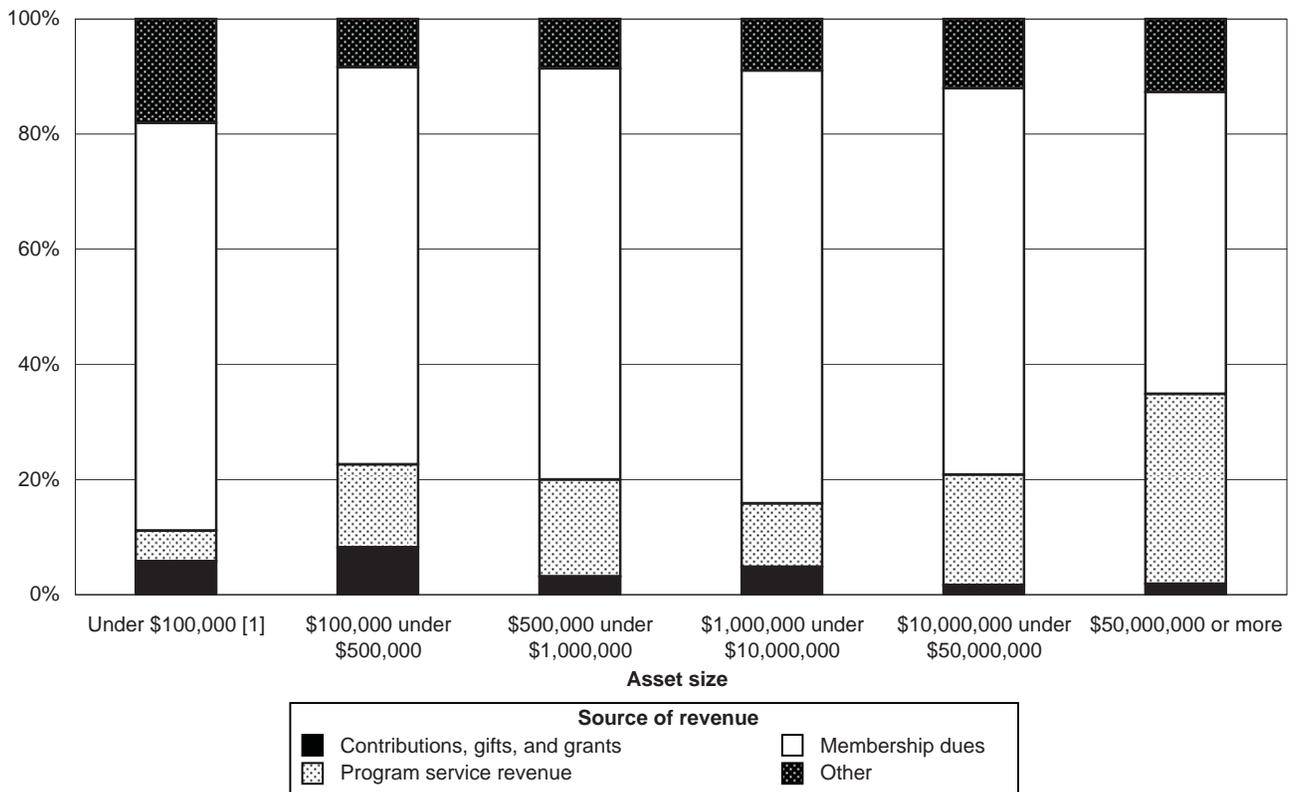
that the lobbying is related to the organization's exempt purpose. In most cases, a donor's contribution to one of these organizations is not tax-deductible. However, it may be deductible as a trade or business expense, if it is ordinary and necessary in the conduct of the taxpayer's trade or business.

Highlights of Labor and Agricultural Organization Financial Data

Labor and agricultural organizations exempt under IRC section 501(c)(5) filed 19,837 Forms 990 and 990-EZ for Tax Year 2005. This figure represents just a fraction of the total number of active 501(c)(5) organizations recognized by the IRS. Organizations with total gross receipts below the filing threshold and noncompliant organizations comprise the differ-

Figure F

Sources of Revenue for Labor and Agricultural Organizations, by Asset Size, Tax Year 2005



[1] Includes returns with zero assets or assets not reported.

NOTES: Data are from Forms 990 and 990-EZ for organizations that are tax-exempt under Internal Revenue Code section 501(c)(5) and exclude most organizations with receipts less than \$25,000.

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Figure G

Selected Items for Labor and Agricultural Organizations, by Type of Organization, Tax Year 2005

[All figures are estimates based on samples—money amounts are in millions of dollars]

Type of organization	Number of returns	Total assets	Total revenue
	(1)	(2)	(3)
Total	19,837	29,679	20,682
Labor unions	14,260	20,529	16,675
Farm bureaus and granges	2,054	2,124	595
Professional societies and associations	620	523	672
Agricultural programs	437	1,002	366
Job training funds	429	445	209
Fairs	329	255	241
Animal husbandry	777	331	223
Retirement and benefit plans	250	3,035	937
Other 501(c)(5) organizations	681	1,434	764

NOTES: Data are from both Forms 990 and 990-EZ for organizations that are tax-exempt under Internal Revenue Code section 501(c)(5) and exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.

ence. Labor and agricultural organizations that filed information returns reported total assets of \$29.7 billion and total revenue of \$20.7 billion for Tax Year 2005.

Figure F shows the sources of revenue for 501(c)(5) labor and agricultural organizations by size of total assets. When compared to Figure C, the equivalent chart for 501(c)(3) charitable organizations, similarities and differences between the two types of organizations emerge. Figure F shows that labor and agricultural organizations, regardless of their size, rely heavily on membership dues as a source of revenue. In contrast, less than 1 percent of nonprofit charitable organizations' overall revenue came from membership dues.

For both types of organizations, program service revenue represented a larger portion of total revenue as the size of the organization increased. For the largest 501(c)(3) organizations (those with over \$50 million assets), program service income accounted for three-fourths of total revenue. For labor and agricultural organizations of the same size, it represented a third of total revenue.

Figure G shows data for IRC section 501(c)(5) labor and agricultural organizations classified by type. By all measures, labor unions dominate the universe of 501(c)(5) organizations, with 72 percent of the returns filed, nearly 70 percent of total assets, and 81 percent of revenue reported. Retirement and ben-

efit plans ranked a distant second in terms of assets, with \$3.0 billion, despite a relatively small number of filers.¹¹ Section 501(c)(5) agricultural-related programs and organizations together filed over 3,500 information returns and reported over \$1.4 billion in total revenue for Tax Year 2005.

Summary

For 2005, nonprofit charitable organizations (excluding private foundations) tax-exempt under section 501(c)(3) reported \$2.2 trillion in total assets and \$1.3 trillion in revenue. The number of returns filed by these organizations was 286,615, including both Form 990 and the shorter Form 990-EZ.

Program service revenue, the fees received for the charitable programs conducted by tax-exempt organizations, was \$852.6 billion for Tax Year 2005. It represented more than two-thirds of the total revenue reported by charitable organizations. A second source of revenue, contributions, gifts, and grants, which totaled \$276.3 billion, accounted for more than one-half of the total revenue of organizations with asset holdings of less than \$1 million dollars, but a much smaller share of the total revenue of the larger organizations.

Using the National Taxonomy of Exempt Entities codes (which classify organizations by institutional purpose and major programs and activities), health care was the predominant major category, accounting for 38 percent of assets and 56 percent of total revenue reported by nonprofit charitable organizations.

Labor and agricultural organizations exempt under IRC section 501(c)(5) filed 19,837 information returns with the IRS, on which they reported \$29.7 billion in assets and \$20.7 billion in revenue. Labor unions represented the bulk of section 501(c)(5) filers, reporting \$16.8 billion in revenue on 14,260 Forms 990 and 990-EZ.

Data Sources and Limitations

The statistics in this article are based on a sample of the Tax Year 2005 Forms 990, *Return of Organization Exempt From Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*. Organizations were required to file the 2005 form when their accounting periods ended any time between December 31, 2005, and November 30, 2006. The sample did not include private founda-

¹¹ Most tax-exempt retirement and benefit plans are described by IRC section 501(c)(9). However, some plans are covered by section 501(c)(5) as long as they are established, maintained, and funded by the dues of the organization's members and do not accept employer contributions.

Figure H

Coefficient of Variation for Selected Items, by Selected Internal Revenue Code Section, Tax Year 2005

Type and size of organization	Percentages		
	Number of returns	Total assets	Total revenue
	(1)	(2)	(3)
All 501(c)(3) organizations [1]	0.08	0.06	0.42
Large organizations [2]	0.79	0.11	0.36
Medium organizations [3]	1.21	0.57	2.03
Small organizations [4]	1.58	2.66	5.07
All 501(c)(4) organizations	4.35	0.46	0.73
All 501(c)(5) organizations	5.14	1.42	2.63
Large organizations [5]	0.00	0.00	0.00
Medium organizations [3]	3.20	4.00	5.59
Small organizations [4]	5.71	11.90	15.00
All 501(c)(6) organizations	3.92	0.88	2.13
All 501(c)(7) organizations	5.07	2.03	2.82
All 501(c)(8) organizations	9.00	0.28	3.85
All 501(c)(9) organizations	7.33	0.26	3.34

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] Large 501(c)(3) organizations are those with assets greater than or equal to \$10 million.

[3] Medium organizations are those with assets greater than or equal to \$100,000 but less than \$10 million.

[4] Small organizations are those with assets less than \$100,000.

[5] Large 501(c)(5) organizations, those with assets greater than or equal to \$10 million, were sampled at a rate of 100 percent and, therefore, have no sample variation.

NOTE: Includes data from Forms 990 and 990-EZ and excludes most organizations with receipts less than \$25,000.

tions, which were required to file Form 990-PF. Most churches and certain other types of religious organizations were also excluded from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with average receipts of more than \$25,000, the filing threshold.

The sample design was split into two parts: the first sampling frame contained all returns filed by organizations exempt under section 501(c)(3); the second sampling frame comprised a pool of all returns filed by organizations exempt under sections 501(c)(4) through (9). Organizations tax-exempt

under other Code sections were excluded from the sample frames. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the database.

The two samples were classified into strata based on the size of end-of-year total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 15,862 returns was selected from a population of 290,094. Sampling rates ranged from 1.24 percent for organizations reporting total assets less than \$500,000 to 100 percent for organizations with total assets of \$50,000,000 or more.

The second sample contained 6,890 records selected from the population of 112,128 returns filed by organizations exempt under sections 501(c)(4) through (9). Sampling rates ranged from 1.11 percent for organizations reporting total assets less than \$150,000 to 100 percent for organizations with assets of \$10,000,000 or more. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 2005. However, these returns were excluded from the final sample and the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure H shows CVs for selected financial data. A discussion of methods for evaluating nonsampling error can be found in SOI Sampling Methodology and Data Limitations in the back of this issue.

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Table 1. Form 990 Returns of 501(c)(3) Organizations: Balance Sheet and Income Statement Items, by Asset Size, Tax Year 2005

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 [1]	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	226,246	63,069	62,030	27,011	56,717	11,852	5,567
Total assets	2,239,404,309	2,548,300	15,676,513	19,030,165	184,239,094	253,240,918	1,764,669,319
Cash	49,255,652	1,215,745	3,348,718	2,450,247	10,997,098	9,018,263	22,225,582
Savings and temporary cash investments	147,654,538	581,994	4,058,632	4,142,008	21,867,602	21,929,075	95,075,227
Accounts receivable (net)	114,373,902	128,377	823,791	890,341	10,036,506	13,802,120	88,692,768
Pledges receivable (net)	42,286,559	17,236	203,925	233,840	4,276,760	7,697,596	29,857,201
Grants receivable	12,893,822	51,007	258,589	351,389	3,681,265	3,140,535	5,411,037
Receivables due from officers, etc.	435,121	9,976	28,792	* 30,492	91,449	33,603	240,808
Other notes and loans receivable	79,829,878	8,494	150,196	371,564	4,412,052	5,487,514	69,400,059
Inventories for sale or use	12,465,388	45,888	161,873	203,617	1,552,104	1,758,098	8,743,807
Prepaid expenses and deferred charges	21,320,886	32,862	135,450	142,192	1,750,383	2,453,925	16,806,074
Investments in securities	780,224,518	42,062	1,435,980	2,534,947	33,147,438	65,144,661	677,919,430
Investments in land, buildings, and equipment	32,981,784	48,905	667,515	785,608	6,718,642	7,095,715	17,665,400
Other investments	228,622,691	14,444	452,555	706,308	9,195,655	16,447,716	201,806,014
Land, buildings, and equipment for charitable purposes	582,818,397	303,349	3,665,049	5,789,835	68,448,910	83,791,741	420,819,513
Other assets	134,241,170	47,960	285,448	397,776	8,063,231	15,440,356	110,006,399
Total liabilities	830,434,665	1,310,389	4,139,659	4,101,713	68,580,529	95,230,819	657,071,557
Accounts payable	149,345,891	334,891	1,065,690	879,016	13,847,921	18,144,917	115,073,457
Grants payable	11,459,693	13,885	89,323	131,124	* 1,526,007	1,555,372	8,143,981
Support and revenue designated for future periods	42,932,297	70,448	358,532	324,912	4,527,471	8,546,714	29,104,219
Loans from officers, etc.	933,162	104,225	103,124	12,954	* 441,681	44,044	227,134
Tax-exempt bond liabilities	285,643,537	0	0	0	4,008,483	19,563,953	262,071,101
Mortgages and other notes payable	172,202,974	173,232	1,825,874	2,006,953	35,511,484	32,008,150	100,677,281
Other liabilities	167,917,112	613,708	697,116	746,754	8,717,481	15,367,668	141,774,385
Net assets	1,408,969,643	1,237,910	11,536,854	14,928,452	115,658,565	158,010,099	1,107,597,763
Total revenue	1,250,077,533	11,614,081	23,593,036	16,413,752	154,081,806	169,425,201	874,949,657
Total contributions, gifts, and grants received	274,823,023	6,537,723	12,076,436	7,335,215	66,043,520	49,741,632	133,088,498
Contributions received from direct public support	140,348,374	4,616,193	6,538,409	4,100,213	27,159,776	27,332,624	70,601,159
Contributions received from indirect public support	21,624,408	365,867	675,221	180,173	2,969,269	2,260,662	15,173,216
Government grants	112,850,241	1,555,663	4,862,806	3,054,829	35,914,475	20,148,346	47,314,123
Program service revenue	852,042,962	3,711,903	9,065,963	7,216,916	76,804,825	106,476,654	648,766,700
Membership dues and assessments	8,312,109	460,705	783,527	514,029	1,991,385	2,201,923	2,360,540
Interest on savings and temporary cash investments	7,006,067	16,155	103,774	138,566	956,612	1,047,563	4,743,397
Dividends and interest from securities	21,880,330	4,217	65,657	95,826	1,152,441	2,099,659	18,462,530
Net rental income (loss)	2,635,969	18,750	99,516	88,626	484,130	417,044	1,527,903
Gross rents	5,583,687	31,259	131,746	150,556	921,566	842,815	3,505,745
Rental expenses	2,947,718	* 12,509	32,230	61,930	437,436	425,771	1,977,842
Other investment income (loss)	7,081,506	8,647	35,057	21,004	266,112	409,398	6,341,287
Total gain (loss) from sales of assets	47,729,545	17,566	26,363	54,386	1,654,485	3,012,493	42,964,252
Gain (loss), sales of securities	41,839,175	* 5,010	17,299	39,081	1,019,562	2,064,982	38,693,241
Gross amount from sales	616,238,853	* 50,006	433,738	771,818	12,627,628	27,804,964	574,550,700
Cost or other basis and sales expense	574,399,679	* 44,995	416,439	732,737	11,608,066	25,739,982	535,857,459
Gain (loss), sales of other assets	5,890,371	12,555	9,065	15,305	634,923	947,511	4,271,011
Gross amount from sales	14,044,320	31,367	48,829	314,362	1,737,162	3,450,078	8,462,523
Cost or other basis and sales expense	8,153,949	18,812	39,764	299,057	1,102,238	2,502,567	4,191,512
Net income (loss), special events and activities	3,425,940	493,283	740,024	328,778	1,178,992	355,131	329,732
Gross revenue	9,377,196	1,756,391	2,141,304	1,120,788	2,349,419	1,015,039	994,254
Direct expenses	5,951,255	1,263,107	1,401,280	792,010	1,170,427	659,909	664,522
Gross profit (loss), sales of inventories	5,587,817	97,281	322,117	348,555	1,497,499	1,432,897	1,889,467
Gross sales minus returns and allowances	13,359,170	220,320	653,818	750,498	3,871,575	3,462,755	4,400,203
Cost of goods sold	7,771,354	123,039	331,701	401,944	2,374,076	2,029,857	2,510,737
Other revenue (loss)	19,552,256	247,849	274,598	271,847	2,051,804	2,230,807	14,475,351
Total expenses [2]	1,135,348,635	11,789,217	22,274,050	15,422,574	145,622,969	156,894,318	783,345,507
Program services	977,133,926	9,899,591	18,689,536	12,776,053	123,919,580	133,712,905	678,136,261
Management and general	139,283,231	1,472,597	3,118,536	2,323,674	18,241,732	19,781,958	94,344,735
Fundraising	13,071,406	333,770	451,151	294,486	2,849,174	2,434,575	6,708,250
Payments to affiliates	5,860,069	83,257	14,826	28,361	612,483	964,880	4,156,261
Excess of revenue over expenses (net)	114,728,897	-175,137	1,318,985	991,178	8,458,838	12,530,883	91,604,150

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Includes returns with zero assets or assets not reported.

[2] The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

NOTES: Data exclude private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

Charities, Labor and Agricultural, and Other Tax-Exempt Organizations, 2005

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Table 2. Form 990 Returns of 501(c)(3)-(9) Organizations: Total Functional Expenditures, by Code Section, Tax Year 2005

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total functional expenditures [2]	1,129,488,565	70,781,946	17,250,804	31,494,439	10,769,345	11,488,610	128,869,234
Grants and allocations	74,876,196	1,764,871	538,917	689,667	61,297	559,641	984,432
Specific assistance to individuals	10,696,633	1,160,267	42,782	85,797	* 659	151,396	855,414
Benefits paid to or for members	6,401,191	21,875,976	1,719,190	997,561	11,260	7,940,193	109,740,035
Compensation of officers, directors, or trustees	17,358,409	455,581	1,427,920	1,966,061	156,830	91,723	592,680
Other salaries and wages	380,539,069	6,009,143	3,497,355	5,936,575	3,661,031	566,336	635,347
Pension plan contributions	18,109,687	800,036	734,598	534,327	62,440	105,429	95,640
Other employee benefits	53,667,710	1,162,726	933,455	1,047,558	378,562	367,538	1,596,405
Payroll taxes	26,747,584	268,534	424,379	526,676	447,875	89,062	78,410
Professional fundraising fees	675,197	99,455	64,982	31,253	6,143	* 9,570	* 968
Accounting fees	1,869,623	106,768	93,693	142,295	57,618	23,999	102,472
Legal fees	2,717,339	196,166	422,873	545,258	28,533	25,284	141,702
Supplies	95,860,894	384,033	157,157	246,507	363,562	66,209	31,510
Telephone	4,482,127	128,881	139,534	216,553	50,166	25,336	18,513
Postage and shipping	3,960,413	438,644	117,862	327,497	41,000	18,798	60,181
Occupancy	35,403,600	904,639	518,290	972,626	1,320,398	203,580	106,766
Equipment rental and maintenance	15,338,290	292,580	123,261	292,030	325,855	32,623	30,767
Printing and publications	6,665,667	475,672	245,876	966,760	87,481	46,057	37,939
Travel	9,753,642	214,737	451,476	791,134	38,418	26,875	12,661
Conferences, conventions, and meetings	4,357,312	195,937	354,520	2,178,977	43,351	41,884	22,284
Interest	18,804,272	2,430,858	107,903	127,040	244,024	16,576	15,709
Depreciation and depletion	45,913,185	1,118,829	352,047	560,055	1,003,093	116,870	64,484
Other expenses	295,290,499	30,297,612	4,782,731	12,312,231	2,379,745	963,622	13,644,915

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] The differences between "total functional expenditures" shown in this table and "total expenses" shown in Tables 1 and 3 are due to payments to affiliates, which are not considered functional expenditures.

NOTES: Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.

Charities, Labor and Agricultural, and Other Tax-Exempt Organizations, 2005

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Table 3. Form 990 Returns of 501(c)(3)-(9) Organizations: Balance Sheet and Income Statement Items, by Code Section, Tax Year 2005

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	226,246	16,914	13,718	22,851	13,564	5,514	6,419
Total assets	2,239,404,309	92,167,195	29,273,249	54,405,050	21,811,434	83,507,893	156,245,135
Cash	49,255,652	2,837,109	1,927,804	3,251,598	1,013,232	569,730	2,697,300
Savings and temporary cash investments	147,654,538	8,552,447	5,520,278	9,629,395	1,696,785	3,819,626	19,113,727
Accounts receivable (net)	114,373,902	5,687,977	1,232,189	3,421,454	1,165,059	107,053	11,561,744
Pledges receivable (net)	42,286,559	118,564	* 6,199	172,851	13,263	* 1,270	* 314
Grants receivable	12,893,822	202,360	* 17,891	97,983	* 757	* 330	244,623
Receivables due from officers, etc.	435,121	* 36,765	1,487	16,072	9,623	* 594	* 7
Other notes and loans receivable	79,829,878	27,576,662	310,640	1,156,083	157,361	458,032	284,358
Inventories for sale or use	12,465,388	1,236,912	106,730	187,634	246,185	38,853	7,098
Prepaid expenses and deferred charges	21,320,886	1,640,080	271,382	900,154	222,278	472,218	222,884
Investments in securities	780,224,518	20,952,025	11,986,295	23,677,456	537,186	55,740,691	104,994,290
Investments in land, buildings, and equipment	32,981,784	2,602,290	483,981	563,932	1,372,043	341,747	145,604
Other investments	228,622,691	4,519,890	1,598,473	4,760,358	225,787	19,731,522	9,920,412
Land, buildings, and equipment for charitable purposes	582,818,397	11,203,609	5,035,943	4,341,761	14,779,510	1,403,512	389,294
Other assets	134,241,170	5,000,506	773,957	2,228,320	372,365	822,715	6,663,479
Total liabilities	830,434,665	49,723,209	6,932,898	29,802,212	7,313,600	73,307,775	30,707,343
Accounts payable	149,345,891	9,999,915	2,685,904	6,131,948	1,018,789	255,428	16,850,539
Grants payable	11,459,693	478,734	* 41,988	141,349	* 4,631	* 55,530	41,960
Support and revenue designated for future periods	42,932,297	2,394,718	252,378	4,234,153	758,264	62,281	353,753
Loans from officers, etc.	933,162	* 6,091	* 3,209	* 612	* 10,586	0	* 64
Tax-exempt bond liabilities	285,643,537	7,314,285	* 27,250	* 54,330	* 202	* 17,509	0
Mortgages and other notes payable	172,202,974	23,092,092	2,064,672	2,709,648	4,724,522	274,340	193,646
Other liabilities	167,917,112	6,437,374	1,857,498	16,530,171	796,606	72,642,688	13,267,381
Net assets	1,408,969,643	42,443,986	22,340,352	24,602,838	14,497,834	10,200,118	125,537,792
Total revenue	1,250,077,533	73,862,875	20,358,194	34,604,688	11,128,233	12,294,813	131,990,285
Total contributions, gifts, and grants received	274,823,023	4,686,804	715,212	2,658,799	121,662	386,405	0
Contributions received from direct public support	140,348,374	1,676,403	311,561	981,389	101,504	87,330	0
Contributions received from indirect public support	21,624,408	235,675	116,887	121,611	4,816	259,416	0
Government grants	112,850,241	2,774,726	286,764	1,555,799	* 15,342	* 39,660	0
Program service revenue	852,042,962	61,030,857	4,172,452	14,361,734	1,948,831	8,184,866	118,234,020
Membership dues and assessments	8,312,109	2,687,993	13,245,368	13,175,458	6,593,311	348,942	2,935,233
Interest on savings and temporary cash investments	7,006,067	505,113	258,176	472,682	62,255	72,907	772,285
Dividends and interest from securities	21,880,330	616,649	370,961	817,511	18,114	2,445,025	2,894,669
Net rental income (loss)	2,635,969	216,154	86,923	44,619	53,089	32,651	2,017
Gross rents	5,583,687	342,158	198,267	164,131	113,277	53,034	12,073
Rental expenses	2,947,718	126,004	111,344	119,513	60,188	20,384	10,056
Other investment income (loss)	7,081,506	706,873	53,106	58,249	3,881	20,938	1,320,855
Total gain (loss) from sales of assets	47,729,545	1,088,781	322,918	348,214	72,044	213,822	4,649,702
Gain (loss), sales of securities	41,839,175	673,095	271,264	204,720	23,515	171,105	4,631,805
Gross amount from sales	616,238,853	15,204,226	8,282,599	24,461,202	283,269	1,253,792	135,695,818
Cost or other basis and sales expense	574,399,679	14,531,131	8,011,335	24,256,482	259,754	1,082,688	131,064,014
Gain (loss), sales of other assets	5,890,371	415,687	51,654	143,494	48,529	42,717	17,897
Gross amount from sales	14,044,320	1,110,674	102,475	229,514	96,229	69,258	242,396
Cost or other basis and sales expense	8,153,949	694,987	50,821	86,019	47,700	26,541	224,499
Net income (loss), special events and activities	3,425,940	311,800	19,472	211,008	70,197	361,081	* 2,751
Gross revenue	9,377,196	1,120,614	82,733	678,084	259,020	703,410	* 19,480
Direct expenses	5,951,255	808,813	63,260	467,076	188,823	342,329	* 16,729
Gross profit (loss), sales of inventories	5,587,817	185,692	13,911	213,401	1,809,373	152,332	* 31
Gross sales minus returns and allowances	13,359,170	556,930	53,546	358,922	3,628,827	383,117	* 11,452
Cost of goods sold	7,771,354	371,238	39,636	145,521	1,819,454	230,785	* 11,483
Other revenue (loss)	19,552,256	1,826,157	1,099,696	2,243,013	375,476	75,844	1,178,785
Total expenses [2]	1,135,348,635	70,928,940	19,371,039	31,638,751	10,794,788	11,505,962	128,941,063
Program services	977,133,926	63,263,844	[3]	[3]	[3]	[3]	[3]
Management and general	139,283,231	7,107,133	[3]	[3]	[3]	[3]	[3]
Fundraising	13,071,406	410,969	[3]	[3]	[3]	[3]	[3]
Payments to affiliates	5,860,069	146,993	2,120,235	144,309	25,442	17,352	71,829
Excess of revenue over expenses (net)	114,728,897	2,933,935	987,155	2,965,938	333,445	788,851	3,049,223

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

[2] The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

[3] Not required to be reported.

NOTES: Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.

Charities, Labor and Agricultural, and Other Tax-Exempt Organizations, 2005

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Table 4. Form 990-EZ Returns of 501(c)(3)-(9) Organizations: Selected items, by Code Section, Tax Year 2005

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Internal Revenue Code section						
	501(c)(3) [1]	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)*
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	60,369	9,918	6,119	7,694	7,063	1,366	169
Total assets	2,482,194	475,325	406,100	325,671	397,641	92,216	7,505
Cash, savings, and investments	1,815,861	341,780	367,400	310,112	204,569	68,286	7,505
Land and buildings (net)	394,920	112,721	* 29,232	* 10,032	154,511	* 22,926	0
Other assets	271,413	20,823	9,469	5,527	38,561	* 1,003	0
Total liabilities	199,892	42,355	42,233	23,329	43,437	* 2,034	0
Net assets	2,282,302	432,970	363,867	302,342	354,204	90,182	7,505
Total revenue	2,811,953	392,007	323,359	358,133	297,196	65,105	6,822
Contributions, gifts, and grants	1,469,440	99,417	28,786	44,384	28,280	8,892	0
Program service revenue	595,383	68,966	21,035	104,094	65,910	* 11,670	4,157
Dues and assessments	245,911	113,824	241,068	170,984	157,431	11,608	2,609
Investment income (loss)	30,808	11,323	5,286	4,796	10,013	1,065	55
Gain (loss) from sales of assets	11,290	* 494	* 1,201	0	* 69	0	0
Gross amount from sales	45,734	* 4,628	* 2,528	0	* 14,020	0	0
Cost or other basis and sales expense	34,444	* 4,134	* 1,326	0	* 13,951	0	0
Net income (loss), special events and activities	281,128	79,626	9,131	9,277	12,968	* 13,977	0
Gross revenue	686,393	191,274	25,713	50,247	47,671	* 25,122	0
Direct expenses	405,263	111,648	16,582	40,970	34,702	* 11,145	0
Gross profit (loss), sales of inventories	62,745	3,634	* 401	* 924	8,708	* 564	0
Gross sales minus returns and allowances	174,305	14,020	* 1,438	* 2,402	26,337	* 1,368	0
Cost of goods sold	111,559	10,386	* 1,037	* 1,478	17,629	* 804	0
Other revenue (loss)	115,246	14,721	16,449	23,673	13,816	* 17,328	0
Total expenses	2,559,505	379,321	308,514	355,569	280,423	59,335	5,661
Grants paid	367,834	87,483	53,481	17,719	9,968	13,705	0
Benefits paid to or for members	40,782	27,930	13,296	16,064	7,355	* 3,889	2,214
Salaries and compensation	410,405	16,145	67,103	46,389	27,108	* 2,083	211
Professional fees	237,427	28,497	17,915	66,137	20,088	* 315	10
Occupancy, rent, and utilities	272,587	28,757	20,683	11,241	82,901	11,732	80
Printing, publications, and postage	97,971	12,529	12,637	21,344	14,620	1,453	16
Other expenses	1,132,491	177,978	123,399	176,675	118,383	26,157	3,130
Excess of revenue over expenses (net)	252,448	12,685	14,846	2,563	16,774	5,770	1,161

* Estimate(s) should be used with caution because of the small number of sample returns on which they are based.

[1] Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990. Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.